

**DEPARTMENT OF HEALTH AND HUMAN SERVICES SUPPLEMENT TO  
THE GOVERNMENT-WIDE REPORT  
ON IMPLEMENTATION OF PUBLIC LAW 106-107  
2005**

**I. BACKGROUND**

This enclosure is the Department of Health and Human Services (HHS) supplement to the government-wide portion (Enclosure 1) of the 2005 report on progress in implementing Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L 106-107 or the “Act”). This report summarizes HHS’ government-wide and intra-agency efforts to streamline and simplify the grants process during the past year—May 2004 through May 2005.

As the federal department with the largest (\$258 billion in awards in Fiscal Year [FY] 2004) and most varied granting activity, we are pleased to report continued progress in meeting the requirements of the Act. While our mandatory grant programs (\$219.5 billion) represent the largest portion of the total dollar amount awarded, our discretionary grant programs account for the vast majority of the grant and cooperative agreement transactions (more than 75,000). All of our grant programs—discretionary and mandatory—will benefit from many of the accomplishments reported in Enclosure 1. We support these initiatives as the lead agency for implementing P.L. 106-107, the Grants.gov initiative, and, in the coming year, as co-lead for implementation of the Grants Management Line of Business (GMLoB) and in our internal policies and operations as described in the following sections.

**II. PARTICIPATION IN THE GOVERNMENT-WIDE STREAMLINING  
AND GRANTS.GOV EFFORTS**

HHS continues in its strategic and leadership roles under P.L. 106-107 and Grants.gov. We provide leadership and resources for the Grants.gov Program Management Office (PMO) and the P.L. 106-107 PMO. In addition, the Office of Management and Budget (OMB) recently requested that HHS co-lead with the National Science Foundation the implementation phase of GMLoB. In these roles we work closely with OMB and the federal grant-making agencies.

Many of the accomplishments cited in the government-wide portion of this report have been completed due to the sustained efforts of HHS managers and staff members. In addition to our overall leadership role for P.L. 106-107 and Grants.gov (and now the GMLoB), we have representatives from the Office of the Secretary and our Operating Divisions (OPDIVs) serving on all of the P.L. 106-107 work groups and subgroups.

This year we have provided leadership for and our OPDIVs have been significantly involved in the following accomplishments reported in Enclosure 1:

- ♦ The Post-Award Work Group's efforts to develop standard approaches to reporting, including financial, performance, and property reporting. HHS chairs this Work Group.
- ♦ Completion of the SF 424(R&R) for research and related grant applications.
- ♦ Development of the SF 424(M)—a cover page for applications, plans, and other submissions under mandatory grant programs.
- ♦ Forming and leading the Training and Certification Work Group.

As we plan for and implement the changes resulting from the government-wide streamlining and simplification and our own internal efforts (described in the next sections of this report), we are working closely with the recipient community—State, local, and Tribal governments, nonprofit organizations, and universities, whether for their ideas on ways to make it easier for them to apply for and report on federal grants or to provide them with needed information and assistance. We engage our non-federal partners not only in the planning stage but also in the implementation stage. In several cases we participate in constituency groups that represent classes of recipients; we also are working directly with our current grantees to educate them about the various initiatives.

We continue our longstanding work with our sister federal agencies and the research community to streamline the administrative process in an effort to increase research productivity. The National Institutes of Health (NIH), which accounted for more than one-half of our FY 2004 discretionary grant obligations and almost three-quarters of the grant awards, is an active participant in the Federal Demonstration Partnership (FDP) and the Research Business Models (RBM) Subcommittee of the Committee on Science, National Science and Technology Council. NIH is a member of FDP Executive Committee, co-chairs the FDP Electronic Research Administration Committee, and serves on various other FDP committees. NIH co-chairs the Executive Committee of the RBM Subcommittee and is actively involved in the Subcommittee's initiatives. In addition, the Director, NIH serves on the umbrella Committee—the Committee of Science. These efforts are consistent with and complement our efforts under P.L. 106-107.

We are engaging in counterpart efforts for the non-research community through our participation in the recently formed National Grants Partnership (NGP). The NGP represents the types of organizations that receive all of our grants other than research grants—States, local governments, Tribal governments, and non-research non-profit organizations, including faith-based and community-based organizations. This varied set of constituents warrants our working closely with the NGP to understand their concerns,

particularly since many of these entities receive awards from more than one HHS OPDIV.

### **III. INTERNAL HHS EFFORTS TO CREATE AN ENVIRONMENT CONDUCTIVE TO GRANTS STREAMLINING AND SIMPLIFICATION AND ASSESS IMPACT OF CHANGES**

Because of the magnitude of our grant programs, we recognize the need for sustained internal attention to ensure that our OPDIVs, which have diverse missions, are fully aware of and implement new government-wide policies consistently and in accordance with their intent. We have taken proactive steps to ensure that result.

Senior managers at HHS level and in the OPDIVs fully support the streamlining and simplification initiatives and have communicated that support formally and informally to their staffs. Where appropriate, we have included elements related to these initiatives in individual performance plans. We engage our managers and staff through a number of intra-agency forums and committees to keep them informed of progress and expectations and to solicit input and feedback. HHS has implemented the changes resulting from the government-wide efforts in its policy and procedures documents—Grants Policy Directives and the Awarding Agency Grants Administration Manual—and incorporated updated information in our grants training program.

Through our Balanced Scorecard program, a self assessment tool which includes surveys of HHS program staff, grants management staff and grant recipients, we will be assessing the actual implementation efforts of the government-wide and HHS streamlining and simplification initiatives. We will use the results of those surveys to provide feedback to the interagency and intra-agency work groups and make further improvements within HHS.

HHS has continued its progress in reducing the number of individual grants management systems in HHS down to two—one primarily for research operated by NIH (eRA/IMPAC II) and one primarily for non-research programs operated by ACF (GATES). By reducing the number of grants systems in use, we will eliminate and avoid the proliferation of system-specific processes. In addition, grants policy streamlining will be facilitated because policies will be embodied in only two systems for all of HHS, thereby making the standardization and streamlining of policy across granting organizations more nimble. As a result of these efforts, we have two OPDIVs that are essentially acting as service centers for their customer OPDIVs. The two servicing OPDIVs (NIH and ACF) and those OPDIVs being served have worked closely to understand requirements, develop service agreements, test interfaces, migrate systems, and train staff. These internal relationships are similar to what we expect to see under the GMLoB on a government-wide basis. As the GMLoB enters its implementation phase in FY2006, HHS plans to serve as a service center for one or more of the consortia that will be identified under this initiative.

Further, our move to only two grants management systems has simplified our ability to develop the needed interfaces with Grants.gov APPLY and has helped us achieve the reported results for Grants.gov. ACF has extended its system-to-system interface with Grants.gov to three other OPDIVs—the Centers for Medicare and Medicaid Services, IHS, and AoA; and is currently in the process of migrating the Office of Public Health and Sciences' grants system over as well. NIH has extended its system-to-system capability to CDC, AHRQ, and FDA; and plans to do the same for SAMHSA, and HRSA.

More specific activities of HHS and its OPDIVs in implementing the P.L. 106-107 and Grants.gov requirements of this past year are described in the following subsections.

#### **IV. IMPLEMENTING THE RECENT CHANGES AFFECTING THE PRE-AWARD PROCESS**

##### **A. Grants.gov FIND**

All of our OPDIVs are posting 100 percent of their several hundred (in the aggregate) competing funding opportunities at Grants.gov FIND.

##### **B. Announcement Template**

Knowing that in the past our OPDIVs have had differing formats for funding opportunity announcements and because HHS issues such a large number of funding opportunity announcements, we have taken special steps to ensure that HHS funding opportunity announcements comply with the requirements of the Office of Federal Financial Management Policy Letter issued on June 23, 2003. To ensure that use of the standard announcement template is institutionalized in our HHS standard operating procedures, HHS developed a detailed implementation of the OFFM Policy Letter on the standard announcement format, which also implements the Grants.gov FIND requirement.

In its oversight role, the Office of Grants in the Office of the Assistant Secretary for Budget, Technology, and Finance reviews most non-biomedical funding opportunity announcements in advance of their issuance. Using the standard funding opportunity announcement format has facilitated our review process, allowing us to more easily spot areas of unnecessary difference or non-compliance and ensure their correction. Because of this enhanced review process at the HHS level, our OPDIVs have undertaken counterpart efforts to strengthen their funding opportunity announcement development and review processes. For example, the Administration for Children and Families (ACF) has an electronic announcement template system that interfaces directly with Grants.gov FIND, simplifying the process of creating, reviewing, editing, reviewing, and approving funding opportunity announcements. The Centers for Disease Control and Prevention (CDC) has established an organizational unit with staff dedicated to announcement review and Grants.gov FIND requirements. Most of the other OPDIVs also have centralized OPDIV-level review of funding opportunity announcements to ensure compliance with the government-wide and HHS policies and enhance quality.

As reported last year, we no longer require use of the *Federal Register* as our primary means of issuing funding opportunity announcements. This change in policy will have a positive impact on applicants because it will reduce the HHS lead-time needed to issue announcements and on HHS because we will save the costs of *Federal Register* publication. However, we remain mindful of the needs of our varying constituencies and will make appropriate efforts to maximize access to the information and foster competition. We continue to publish a notice or a full announcement in the *Federal Register* if we believe the constituency would be more likely to locate the opportunity there rather than solely relying on Grants.gov FIND. Several of our OPDIVs, including NIH and the Health Resources and Services Administration, also publish annual compilations of planned funding opportunities for the year, which we distribute by both hard-copy and electronic means.

### **C. Grants.gov APPLY**

HHS has been an active participant in the effort to develop the Grants.gov APPLY capability. We were one of the first agencies to place programs on Grants.gov APPLY for electronic application. Several of our OPDIVs, including ACF, the Office of Public Health and Science, NIH, and HRSA, developed system-to system interfaces with Grants.gov APPLY. We have worked closely with the Grants.gov PMO to develop forms for government-wide or HHS usage. This includes ACF's work in connection with the forms for protection of human subjects and lobbying disclosure and the Substance Abuse and Mental Health Services Administration's (SAMHSA's) work on the PHS 5161, a form used for non-research programs.

In addition to management support and direction at the departmental and OPDIV levels, our OPDIVs are working internally and with applicants/recipients to gain acceptance of Grants.gov APPLY, encourage non-federal organizations to complete their registration in Grants.gov early, and ensure that applicants meet registration requirements and obtain DUNS numbers (a requirement for hard-copy applications as well). External outreach efforts include providing information on OPDIV web sites (e.g., frequently asked questions) or in newsletters; letters, e-mail messages, and telephone calls to existing grantees; and adding specific language in funding opportunity announcements.

The OPDIVs also are using conferences and workshops as a means to inform the non-federal community about plans for Grants.gov APPLY. Training on Grants.gov APPLY and other streamlining and simplification activities has been provided for OPDIV staff and for applicants/recipients. NIH and the Agency for Healthcare Research and Quality (AHRQ) have developed an instruction guide for applicants to use when applying through Grants.gov for research and research-related grants using the SF 424(R&R). The Indian Health Service (IHS) and the Administration on Aging (AoA) have developed simplified instructions for applicants to get started in using Grants.gov APPLY.

As in any new system or set of requirements, there is an implementation phase and a learning curve both for us and our applicants and recipients. We must make adjustments

in our internal processes to move from agency-specific processes and requirements to government-wide ones. NIH has formed business area work groups and a transition team to assess the business process changes needed as a result of using the SF 424(R&R) for itself and the OPDIVs it serves (see Section III, above) and plan for the transition. HRSA also has formed a work group to ensure a smooth transition to use of the SF 424(R&R) for applicable programs by both HRSA staff and applicants.

Individual OPDIV staff members or help lines/help desks are the first line of applicant support for questions or submission difficulties. HHS staff members are being trained to be able to assist applicants and answer questions. Several OPDIVs have formal mechanisms for receiving feedback, while others receive feedback through the requests for assistance they receive. In addition to our proactive general outreach described above, we work with applicants who are experiencing difficulties in the submission process to ensure they are not adversely impacted by any technical problems.

Our performance indicates that we have been successful both in our internal and external outreach efforts. For FY 2005 to date (July 2005), HHS has made 465 application packages available at Grants.gov for application through the government-wide portal and has received a total of 2,334 applications. To maximize HHS use of Grants.gov, we are making a concerted effort not only to receive competing discretionary grant applications through the portal but also other types of applications, such as our non-competing continuation applications, or programs, such as the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Programs. Because we have the largest number of mandatory grant programs, we also are active participants in the Mandatory Grants Work Group effort to develop core application data elements for those programs. When those data elements are approved for use, we will begin receiving applications and plans for mandatory grants through the government-wide portal.

## **V. OTHER ACTIVITIES**

We continue to look for ways to improve the grants process not only for applicants and recipients of HHS grants but also for our own staff.

Some examples include the following:

- ◆ CDC's Portfolio Management Project designed to streamline State activities under their ongoing projects with CDC.
- ◆ NIH's centralization of receipt for all annual progress reports (previously sent to one of 24 different grants offices) and scanning into an NIH-wide centralized database.
- ◆ SAMHSA's adoption of four standard funding opportunity announcements to serve as the basis for all SAMHSA announcements with only minimal deviation.
- ◆ HRSA's consolidation of the multiple grants management offices into a single awarding office creating more consistency in approach for applicants and recipients.

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